

## EXCHANGE RESTRICTIONS FURTHER RELAXED

**EFFECTIVE JANUARY 1, 1949:** The Minister of Finance, Mr. Abbott, on December 15, announced further relaxations of the emergency exchange conservation restrictions to become effective January 1, 1949. These relaxations will apply to a considerable list of imported consumer goods. By this move many foodstuffs and some manufactured products are removed from the list of imports which have been banned since November 17, 1947. Some other items which have been on the prohibited list during that time are transferred to a quota basis.

The Order in Council authorizing these changes also relaxes the restrictions on personal purchases brought back to Canada by returning travellers.

The following goods are among those on which import prohibitions will be suspended on January 1: fresh meats; canned meats; poultry and game; eggs; yeast; prepared cereal foods; peanut butter; condensed milk; beans; peas; honey; nuts in the shell; oysters and other shell-fish; syrups; cigars and cigarettes; paper towels, napkins and doilies; candles; lubricating oils and greases; wet cell batteries; non-electric signs; door frames and sash; synthetic casings for meat; andirons; and brass or bronze cases, boxes, and trays.

## IMPORTS OF RICE

Cleaned rice is also removed from the prohibited list, but imports of both cleaned and rough rice will continue to be controlled under the Export and Import Permits Act in conformity with international allocations.

Unmanufactured leather of all kinds and cheese which have hitherto been under import quota restrictions will be unrestricted on and after January 1.

Commencing on New Year's Day returning travellers will once more be able to bring with them into Canada, subject to the usual regulations, incidental personal purchases valued at not more than \$100, provided that they have been out of Canada not less than 48 hours. Since November 17, 1947, importation by travellers of any goods appearing on Schedules I and II of the Emergency Exchange Conservation Act has been prohibited. The Minister said that while the present ration of funds for pleasure travel abroad remains unchanged, Canadians could now spend part of their travel allowance for gifts or personal articles which they would be able to bring back with them.

Progress in bringing payments between U.S. and Canada into better balance was cited by Mr. Abbott as the reason for these relaxations of import control restrictions. He emphasized however that the balance of payments improvement had not been sufficiently long maintained to warrant undue optimism. It was hoped and expected that a continuation of the improvement would make possible further substantial

relaxations from time to time throughout 1949.

Mr. Abbott was not willing at this time to hazard an estimate of the volume of additional imports that might result from the relaxations announced December 15 but said that results would have to be assessed as time went on.

It was pointed out that several of the relaxations would provide opportunities for additional imports from the United Kingdom and other countries as well as from the United States. Among the items where some increase in supplies could be expected from the United Kingdom and other overseas countries were household hollow-ware; cameras, brass and bronze bowls and trays, furs, furniture, wall paper and paper napkins and doilies.

Mr. Abbott explained that the present changes in effect remove all foodstuffs other than fresh and processed fruits and vegetables from the prohibited list and that he expected that all remaining restrictions on fresh fruits and vegetables would be dropped by next July.

**U.S. DOLLAR HOLDINGS:** The Minister of Finance, Mr. Abbott, announced on December 15 that Canada's official holdings of gold and United States dollars at the end of September 1948 amounted to \$854.9 million. He also announced that official holdings of gold and United States dollars amounted to \$741.9 million at the end of June 1948, and \$607.5 million at the end of March 1948. The comparative figure for the end of 1947 was \$501.7 million.

Mr. Abbott drew attention to the fact that the figure for the end of March includes drawings on the Export-Import Bank credit in the amount of \$50.0 million and that for the end of June in the amount of \$140.0 million. These borrowings were repaid in August 1948 but the official reserves at the end of September 1948 include \$150 million borrowed in the private capital market in the United States.

In commenting on the improvement in the reserve position disclosed by these figures Mr. Abbott referred to the results achieved by the Emergency Exchange Conservation Programme adopted last November which was designed to accomplish a reduction in Canadian expenditures of United States dollars and to promote an expansion of exports to the United States. In the first nine months of 1948, the value of Canadian exports to the United States was more than 40 per cent greater than in the corresponding period of 1947. Mr. Abbott went on to emphasize that particular significance should be attached to this increase in exports to the United States, since it indicated that the constructive measures designed to alleviate the exchange problem by an expansion of trade were meeting with success.

**SURPLUS \$560,000,000:** The Minister of Finance, Mr. Abbott, on December 15, released the statement of the Comptroller of the Treasury covering revenues and expenditures of the Government of Canada for the period April 1 - November 30, 1948.

According to this statement the total revenues of the Government for the month of November, 1948, amounted to \$205.6 millions, while total expenditures amounted to \$179.2 millions, resulting in a surplus of revenues over expenditures for the month of \$26.4 millions. This brings the Government's total "budgetary surplus" for the first 8 months of the current fiscal year up to a figure of \$560 millions, which compares with a similar surplus of \$575 millions accumulated by this same date a year ago.

Commenting on the Comptroller's statement, Mr. Abbott again stressed the interim nature of these monthly figures and pointed out that although further increases in the "budgetary surplus" are expected in each succeeding month between now and next March it is likely that such increases will be wholly or at least largely offset by certain expenditures of substantial amount which are ordinarily not recorded in the Government's accounts until right at the end of the year.

## DEMANDS ON RESERVES

Mr. Abbott also drew attention to the importance of the part being played by this year's surplus in the financing of certain large demands upon the Government's cash resources over and above the regular budgetary expenditures. "Among the largest and most important of these," he said, "are the advances which the Government is currently making to the Foreign Exchange Control Board to finance increases in Canada's exchange reserves. Figures which I am releasing today show that these reserves increased by \$247 millions between April 1 and September 30, 1948. To supplement the Board's cash resources and thereby enable it to finance the increased reserves, we had to make additional advances of \$225 millions in Canadian dollars to the Board during that period. During the same period the Government's net cash requirements for ordinary loans, advances, and investments (including loans to farmers, veterans, and the C.N.R. and loans for housing and export credit purposes) amounted to \$133.6 millions."

"It can be seen, therefore, that by September 30, with just six months of the current fiscal year elapsed, the total cash outlay required in respect of all these items amounted to some \$359 millions. It is anticipated that the total cash outlay which will be required during the remaining six months of the fiscal year in respect of these items will also be very substantial."

Mr. Abbott pointed out that the funds being used to finance these requirements are being provided largely by the current year's surplus. "Were it not for the cash resources made avail-

able to us as a result of our surplus," said Mr. Abbott, "these very substantial non-budgetary requirements would necessitate our resorting to public borrowing."

**TRANS-CANADA HIGHWAY:** The following is an excerpt from the statement of the Minister of Mines and Resources, Mr. MacKinnon, at the opening of the Trans-Canada Highway Conference in Ottawa on December 14:

"...I wish to make it quite clear that the federal Government fully recognizes that under our constitution the establishment and upkeep of public roads have always been regarded as basically a local or provincial responsibility. The Dominion, in calling this conference, is not suggesting any change in that regard and has no intention of encroaching in any way on the rights of the Provinces to develop their own highway systems. Nor do we intend to urge any provincial Government to participate in the development of a continuous highway across Canada unless it desires to do so. The federal Government, however, is prepared to consider the possibility of contributing towards the cost of such a highway if agreements can be reached on some equitable and satisfactory procedure...."

**COL. URQUHART HONOURED:** More than 25 years of loyal service as Aide-de-Camp to the King in Canada was graciously recognized and rewarded on December 15 when Colonel H.M. Urquhart, DSO, MC, of Victoria, B.C., was made a Commander of the Royal Victorian Order. Announcement of the new honour to Col. Urquhart was made in Canada by the Minister of National Defence, Mr. Claxton.

**HONORARY COLONEL COMMANDANT:** Appointment of Brig. Sherwood Lett, CBE, DSO, MC, ED, Vancouver, as Honorary Colonel Commandant of the Royal Canadian Infantry Corps was confirmed December 15 by the Minister of National Defence, Mr. Claxton. He was the unanimous choice of the Canadian Infantry Association at its recent annual meeting in Quebec City.

**FOREIGN SERVICE OFFICERS:** Reflecting Canada's increasing participation in international affairs and the heavy burden of work placed on the Department of Government concerned with foreign policy, the Civil Service Commission is seeking to recruit for the Department of External Affairs a possible maximum of from thirty to forty qualified young men and women to serve as Foreign Service Officers.

These officers are to be selected following examinations to be conducted by the Civil Service Commission in various parts of Canada. Women are eligible on the same basis as men. In order to take the examinations, which are both written and oral, candidates must file an